(23)

No. 00-1543

Supreme Court, U.S.
FILED
AUG 30 2001

AUG 30 2001

IN THE

Supreme Court of the United States

FESTO CORPORATION,

Petitioner,

—v.—

SHOKETSU KINZOKU KOGYO KABUSHIKI CO., LTD.,
a/k/a SMC CORPORATION AND SMC PNEUMATICS, INC.,

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES
COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF OF AMICUS CURIAE FÉDÉRATION INTERNATIONALE DES CONSEILS EN PROPRIÉTÉ INDUSTRIELLE IN SUPPORT OF PETITIONER

R. DANNY HUNTINGTON
RAYMOND C. STEWART
JOHN P. SUTTON
TIPTON D. JENNINGS IV

Fédération Internationale Des Conseils En Propriété Industrielle

MAXIM H. WALDBAUM
Counsel of Record
LORI D. GREENDORFER
SALANS HERTZFELD HEILBRONN CHRISTY & VIENER
620 Fifth Avenue
New York, New York 10020
(212) 632-5500

Counsel for Amicus Fédération Internationale Des Conseils En Propriété Industrielle

August 30, 2001

64 pp

QUESTIONS PRESENTED

1. Whether the Federal Circuit in *Festo Corporation v. Shoketsu Kinzoku Kogyo Kabushiki Co., LTD., a/k/a SMC Corporation, and SMC Pneumatics, Inc.*, 234 F.3d 558, 574 (Fed. Cir. 2000), *cert. granted*, 121 S. Ct. 2519 (2001) (hereinafter, "*Festo*"), acted contrary to the long-standing and settled precedent of this Court and the teachings of prior Federal Circuit decisions, contrary to public policy, and beyond its authority, by holding that prosecution history estoppel imposes a complete bar on the doctrine of equivalents in a lawsuit for patent infringement whenever an amendment to a patent claim has narrowed the scope of such claim for a reason "related to 'patentability'" (as such term is broadly defined by the *Festo* court) (hereinafter referred to as "the Complete Bar Rule")?

2. Whether the impact of the Complete Bar Rule on a patentee's intellectual property rights, the United States Patent and Trademark Office, the obligations of the U.S. under international treaties, and technological innovation on a national and global scale, requires a reversal of *Festo* and a return to the Supreme Court's holding, in *Warner-Jenkinson Company, Inc. v. Hilton-Davis Chemical Co.*, 520 U.S. 17 (1997), that there is a flexible bar to the doctrine of equivalents even where a patent claim is narrowed in scope during prosecution of the patent?

TABLE OF CONTENTS

Page

Interest Of The Amicus Curiae 1

Summary Of The Argument 3

Argument 4

A. Background 4

B. *Festo* Should Be Reversed On the Grounds That The Complete Bar Rule Will Harm Innovation and Global Intellectual Property Protection And Will Create An Armageddon For Patent Values 9

C. *Festo* Should Be Reversed On The Ground That The Complete Bar Rule is Unworkable 16

D. *Festo* Should Be Reversed On The Grounds That The Complete Bar Rule Is Contrary To This Court's Precedent And An Unprincipled Departure From Federal Circuit Law 25

Conclusion 28

TABLE OF AUTHORITIES

CASES

Aclara Biosciences, Inc. v. Caliper Tech. Corp.,
125 F. Supp. 2d 391 (N.D. Cal. 2000) 19-21

Autogiro Co. of Am. v. United States,
384 F.2d 391 (Ct. Cl. 1967) 6, 17

Black & Decker, Inc. v. Hoover Serv. Ctr.,
886 F.2d 1285 (Fed. Cir. 1989),
abrogated by Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.,
234 F.3d 558 (Fed. Cir. 2000), *cert. granted*,
121 S. Ct. 2519 (2001) 6

Control Resources, Inc. v. Delta Elecs., Inc.,
133 F. Supp. 2d 121 (D. Mass. 2001) 23

Creo Prods. Inc. v. Presstek, Inc.,
No. C.A. 99-525-GMS, 2001 WL 637397
(D. Del. May 11, 2001) 18-20

Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.,
234 F.3d 558 (Fed. Cir. 2000), *cert. granted*,
121 S. Ct. 2519 (2001) ..... *passim*

Georgia-Pacific Corp. v. United States Plywood Corp.,
318 F. Supp. 1116 (S.D.N.Y. 1970),
modified on other grounds,
446 F.2d 295 (2d Cir. 1971) 22

Graver Tank & Mfg. Co. v. Linde Air Prods. Co.,
339 U.S. 605 (1950) .....*passim*
Hilton Davis Chem. Co. v. Warner-Jenkinson Co.,
62 F.3d 1512 (Fed. Cir. 1995),
rev'd on other grounds,
520 U.S. 17 (1997) 14
Hoechst Celanese Corp. v. BP Chems. Ltd.,
78 F.3d 1575, 1578-81 (Fed. Cir. 1996) 17
Hughes Aircraft Co. v. United States,
717 F.2d 1351 (Fed. Cir. 1983),
overruled by Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.,
234 F.3d 558 (Fed. Cir. 2000), *cert. granted*,
121 S. Ct. 2519 (2001) 6
Mycogen Plant Science, Inc. v. Monsanto Co.,
Civ No. 00-1127, 2001 WL 910389
(Fed. Cir. Aug. 14, 2001)..... 21
Polaroid Corp. v. Polarad Elecs. Corp.,
287 F.2d 492 (2d Cir. 1961)..... 22
Read Corp. v. Portec, 970 F.2d 816
(Fed. Cir. 1992)..... 22
Warner-Jenkinson Co. v. Hilton-Davis Chem. Co.,
520 U.S. 17 (1997) .....*passim*
Wilson Sporting Goods Co. v. David Geoffrey & Assocs., 904 F.2d 677 (Fed. Cir. 1990)..... 5, 6

STATUTES, RULES AND CONSTITUTIONAL PROVISIONS

35 U.S.C. § 101 5
35 U.S.C. § 102 ..... 5, 6
35 U.S.C. § 103 5
35 U.S.C. § 112 5
35 U.S.C. § 154 5
35 U.S.C. § 271 5
35 U.S.C. § 284 22
U.S. Const., art. I, § 8, cl. 8 4
Sup. Ct. Rule 37 1

MISCELLANEOUS

About WIPO, at http://www.wipo.org./about-wipo/en/.html. 2
Act Revising the Convention on the Grant of European Patents Nov. 29, 2000,
Protocols Art. 2 15
Agreement on Trade-Related Aspects of Intellectual Property Rights,
April 15, 1994, 33 I.L.M. 81 .....*passim*
Sheila F. Anthony, *Antitrust and Intellectual Property Law: From Adversaries to Partners*,
28 AIPLA Q.J. 1 (Winter 2000) 10

David Bannerman & Chris Hamer, "*Different Approaches to the "Doctrine of Equivalents" in Germany, UK, US and Japan"*
AIPPI Journal 82 (Mar. 2000) 14

Brief for the United States as *Amicus Curiae*, 1996 WL 172221 (U.S. Apr. 11, 1996) 14, 15

Center For Advanced Study On Intellectual Property, The University of Washington School of Law, *Comments For Issues* (2001), at http://www.uspto.gov/weboffices /dcom/olia/ harmonization 12, 13

European Patent Convention Art. 69, Oct. 5, 1973.....14, 15

Petition for Writ of Certiorari of Festo Corporation (U.S. Apr. 9, 2001).....7, 17, 26

Request for Comments On the International Effort to Harmonize the Substantive Requirements of Patent Laws, 66 Fed. Reg. 15409 (Mar. 19, 2001) 16

INTEREST OF THE AMICUS CURIAE

Fédération Internationale Des Conseils En Propriété Industrielle ("FICPI") respectfully submits this brief, as amicus curiae, in support of Petitioner Festo Corporation.[1] FICPI supports reversal of that portion of the decision in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558, 574 (Fed. Cir. 2000), *cert. granted*, 121 S. Ct. 2519 (2001) (hereinafter, "*Festo*"), which held that prosecution history estoppel imposes a complete bar on the doctrine of equivalents in a patent infringement lawsuit whenever a claim amendment has narrowed the scope of such claim for a "reason related to patentability" (hereinafter referred to as "the Complete Bar Rule"). FICPI otherwise takes no position on the merits of the case.

FICPI, established in 1906, is a Switzerland-based international and non-political association of approximately 4,000 intellectual property attorneys from over seventy countries (including the U.S.). FICPI's members represent individual inventors as well as large, medium and small companies. One of the members' major roles is to advise inventors in

---

[1]FICPI has received letters of consent from counsel of record for all parties pursuant to Sup. Ct. R. 37.3, as submitted herewith. FICPI states, pursuant to Sup. Ct. R. 37.6, that counsel for the parties did not author any portion of this brief, and that FICPI received no "monetary contribution to the preparation or submission of the brief" from any person or entity, other than FICPI. The contents of this brief solely represent the views of FICPI and not any of its individual members.

intellectual property matters and secure protection for industrial innovation. FICPI supports the uniform global protection of patents, and the interests of inventors and the United States Patent and Trademark Office ("the PTO") in a fair scope of patent protection.

FICPI is one of only two major world organizations that advise the World Intellectual Property Organization ("WIPO"), an intergovernmental organization, on all intellectual property matters. In this capacity, it has attended Diplomatic Conferences concerning international intellectual property treaties and practices. WIPO is dedicated to promoting and protecting intellectual property rights worldwide. Its 177 member states (including the U.S.) comprise almost 90% of the world's countries. *See About WIPO*, at http://www.wipo.org./about-wipo/en/.html. As one of the United Nations' sixteen specialized agencies, WIPO administers intellectual property matters recognized by the U.N.'s member states and 21 international treaties concerning intellectual property. *See id.* The U.S. is a member of the WIPO Standing Committee on the Law of Patents ("SCP") and is involved with WIPO's efforts to harmonize substantive patent law worldwide.

FICPI's members rely on the doctrine of equivalents in drafting patent language, and in advising clients involved in patent infringement lawsuits and licensing transactions. Because many of its members are foreign practitioners, and because of its role as a WIPO advisor, FICPI has a unique perspective on the global impact of the Complete Bar Rule. First, the rule deters domestic and foreign inventors from publicly disclosing the attributes of

their inventions, instead encouraging trade secret protection. Alternatively, if inventors do decide to seek patent protection for their inventions, they are less likely to seek protection in the U.S., and therefore the invention is less likely to enter the U.S. market.

Second, the rule devalues the majority of the 1.2 million unexpired U.S. patents, thus decreasing their licensing value to domestic and foreign residents. Third, the message conveyed by *Festo* is that the Federal Circuit can replace Congress' role, and reverse over a century of precedent with an unprincipled decision that dramatically impacts patentees' vested rights on a global scale and has far-reaching negative legal and economic consequences to inventors worldwide. This sends a message to the international community that U.S. patent law is subject to sudden, sweeping changes, and operates as a disincentive to file patent applications in the U.S. because of the perceived volatility in U.S. patent law.

This message is inconsistent with the United States' status as a world leader in technology, its interest in stimulating and encouraging technological innovation, and its commitment to the goal of global harmonization of patent laws. FICPI thus urges this Court to reverse that portion of the *Festo* decision that established the Complete Bar Rule.

SUMMARY OF THE ARGUMENT

The American patent system is founded upon the interest in encouraging the creation of, and investment in, innovative technology, which requires the participation of and cooperation with foreign countries. A flexibly applied doctrine of equivalents ("the doctrine") is critical to that goal because it helps ensure that the essence of a patented invention is

protected from copyists, and protects the value of the patent in the U.S. and abroad, in part because major foreign countries adhere to similar equivalents doctrines. This Court, for over 150 years, and the Federal Circuit (prior to *Festo*), have adhered to a flexible bar. As discussed below, the *Festo* majority's dramatic shift to a complete bar conflicts with this Court's precedent and unjustifiably departs from settled Federal Circuit precedent. The equitable and policy considerations that gave rise to the doctrine of equivalents have been forsaken by the *Festo* court in the interest of providing a so-called bright line rule and greater certainty in the law. However, as discussed, *infra*, the rule is not easy to apply nor does it enhance certainty in infringement lawsuits.

Moreover, the U.S. is responsible to the international community for ensuring that "fair and equitable" enforcement procedures are available "to permit effective action against any act of infringement of intellectual property rights . . . including . . . remedies which constitute a deterrent to further infringements" under the Agreement on Trade-Related Aspects of Intellectual Property Rights, April 15, 1994, art. 41, ¶¶ 1 & 2, 33 I.L.M. 81 (hereinafter "TRIPS"). TRIPS applies to patents. *Id.* art. 27. As discussed below, the Complete Bar Rule is inconsistent with these obligations, as well as with the United States' efforts to attain uniform global patent laws.

ARGUMENT

A. Background

The United States Constitution grants Congress the authority to confer upon patentees certain exclusive rights to their inventions in order to

"promote the Progress of Science and useful Arts." U.S. Const. art. I, § 8, cl. 8. To obtain a patent, the inventor must prosecute his claimed invention before the PTO. The invention must satisfy the requirements of the Patent Act. *See, e.g.*, 35 U.S.C. §§ 101-03, 112. Documents concerning exchanges between the Patent Examiner ("the Examiner") and the applicant concerning, *inter alia*, the permissible scope of the claims, as well as any amendments made in response to an Examiner's rejection, are contained in a record called the "prosecution history." In this negotiation process, the patentee attempts to receive the broadest claims possible and the Examiner attempts to limit the scope of protection in accordance with the Patent Act. If granted, the patent gives the patentee the right to exclude others in the U.S. from, *inter alia*, making, using, or selling the patented invention (collectively, the "right to exclude") for twenty years (generally) from the date the application was filed. *See* 35 U.S.C. §§ 154, 271.

The doctrine of equivalents is a theory of patent infringement which finds infringement where the accused product or process "'performs substantially the same function in substantially the same way to obtain the same result'" as the claimed invention. *Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605, 608 (1950) ("*Graver Tank*") (quoting *Sanitary Refrigerator Co. v. Winters*, 280 U.S. 30, 42 (1929)); *see also Warner-Jenkinson Co. v. Hilton-Davis Chem. Co.*, 520 U.S. 17, 29-30 (1997) (refining and reaffirming the doctrine of equivalents); *Wilson Sporting Goods Co. v. David Geoffrey & Assocs.*, 904 F.2d 677, 684 (Fed. Cir. 1990) (explaining that "the scope of patent protection *as defined by* the claims – remain the same and application of the doctrine

expands the right to exclude to 'equivalents' of what is claimed") (emphasis in original). The doctrine recognizes that a literal claim analysis unfairly prioritizes "literary skill" over "creativity" because the patentee must rely on words to describe concepts typically best described pictorially. *Autogiro Co. of Am. v. United States*, 384 F.2d 391, 396-97, 399 (Ct. Cl. 1967) ("*Autogiro*"); *Festo*, 234 F.3d at 621-22 (Linn, J., dissenting). However, the doctrine is applied restrictively and only to prevent "fraud on a patent." *Graver Tank*, 339 U.S. at 608.

The *Festo* majority claimed to further refine the doctrine but instead effectively destroyed and/or abandoned it. In *Festo*, the majority held that "prosecution history estoppel acts as a complete bar to the application of the doctrine of equivalents when an amendment has narrowed the scope of a claim for a reason related to patentability." 234 F.3d at 574. The process of obtaining a patent, its reliance on claim language to define its scope and the settled reliance on the equitable doctrine of equivalents, reveal the magnitude of the *Festo* majority's decision to effectively abolish the doctrine. Because almost every patent application is amended, a complete bar rule "read[s] the doctrine of equivalents out of the law." *Black & Decker, Inc. v. Hoover Serv. Ctr.*, 886 F.2d 1285, 1295 (Fed. Cir. 1989), *abrogated by Festo*, 234 F.3d at 574; *see also Hughes Aircraft Co. v. United States*, 717 F.2d 1351, 1363 (Fed. Cir. 1983) ("[a]mendment of claims is a common practice"), *overruled by Festo*, 234 F.3d at 574.

For example, applicants seeking to patent new technology often cannot conduct all necessary prior art searches before the filing deadline (*see* 35 U.S.C. § 102), and thus frequently must amend. *Festo*, 234

F.3d at 622 (Linn, J., dissenting). Moreover, the expediency and fairness of the process depends, as noted, on an "iterative" exchange between Examiner and applicant, where the applicant agrees to amend claims in response to an Examiner's rejection in order to reach agreement on a permissible set of claims. *Festo*, 234 F.3d at 618 (Michel, J., dissenting); *see also* Petition for Writ of Certiorari of Festo Corporation (U.S. Apr. 9, 2001) ("Pet. Mem.") at 25.

The notice function, served by a literal approach to patent claims, enhances competition by permitting others to "design around" the claims. *Festo*, 234 F.3d at 577. However, the doctrine of equivalents serves an equally if not more important function by discouraging "free riding" on a patentee's research and development of new technology through appropriation of the invention with a trivial change. *Id.* at 615-17 (Michel, J., dissenting). Indeed, as discussed *infra*, the doctrine serves this goal and encourages investment in technological innovation. Because 44% of United States patents were issued to foreign residents in 1999 (*see* Appendix, submitted herewith ("A-__") at 25), changing the *Warner-Jenkinson* Court's careful balancing of controls (*see Warner-Jenkinson*, 520 U.S. at 28-30, 33-34; Pet. Mem. at 4-6, 11, 14-15), likely will directly and globally affect the patent's scope and value. Further, domestic and foreign licensees of U.S. patents also are affected by a retroactive law that devalues a patent. *Festo*, 234 F.3d at 619 (Michel, J., dissenting).

The result of the *Festo* majority's decision is a patent system that becomes unworkable, permanently disabled and unjust, for several reasons. First, the Complete Bar Rule encourages the pirating of patented inventions through an insubstantial change to an

element of an amended claim. *Festo*, 234 F.3d at 641 (Newman, J., dissenting) (explaining that *Festo* provides a "new recipe for risk-free copying"). Second, the rule significantly devalues any unexpired patents that were amended in reliance on the flexible bar.

Third, the rule will stifle technological innovation, counter to the goals of the Patent Act and the goal of a uniformly applied global patent system. *See* discussion, *infra*, at 9-11. Fourth, the rule does not enhance certainty of claim interpretation (*cf. Festo*, 234 F.3d at 576-77), because it will require patentees to draft claims with additional, unnecessary language, and to add claims in order to compensate for the loss of equivalents, with the added result of inordinately costly and "protracted prosecution." *Id.* at 624 (Linn, J., dissenting). Fifth, if a patentee engages in the prosecution process (rather than the more time consuming and costly procedure of appealing Examiner rejections to the back-logged PTO Board of Patent Appeals (*see id.* at 618 (Michel, J., dissenting)), he likely will amend, and probably will be unable to argue that his amendment was not made for a "patentability" reason, given the broad definition of patentability provided by the *Festo* majority. *Id.* at 633-34 (Newman, J., dissenting). Thus, the patentee loses equivalents simply by engaging in the standard prosecution process. This result is inconsistent, *inter alia*, with the U.S. obligation under TRIPS to provide a "fair and equitable" patent prosecution system. *See* TRIPS, art. 62, ¶ 4 & art. 41, ¶ 2.

B. *Festo* Should Be Reversed On The Grounds That The Complete Bar Rule Will Harm Innovation And Global Intellectual Property Protection And Will Create An Armageddon For Patent Values

The *Festo* majority concluded, without any relevant basis or evidence, solely relying on its "experience," that the Complete Bar Rule will stimulate innovation, *i.e.*, the ability to design around the patent. *Festo*, 234 F.3d at 612 (Michel, J., dissenting). However, the court ignored the overriding consideration that the flexible bar is consistent with the more important goal of encouraging competitors to make "'leapfrogging' advances instead of simply copying at the edge of the claims." *Id.* at 640 (Newman, J., dissenting). In contrast, it is well settled that "technological advance and industrial vigor flow from legal and economic policies that encourage invention and support investment in the products of invention." *Id.* at 639. In fact, studies indicate that a bright line rule negatively impacts industrial innovation. *Id.* at 639-41.

Generally, "long-term economic growth requires a policy framework that encourages the creation and commercialization of new technologies, as contrasted with a policy that facilitates appropriation of the creative product, lest the creative product dry up in the face of too-easy appropriation." *Id.* at 640 (explaining that such "'[k]nowledge capital,'" secured by intellectual property rights, is an important "foundation of economic growth" and that patent protection should be of "sufficiently broad scope to the inventor who opens a new field, to provide adequate economic incentives while avoiding

duplication of effort and discouraging recourse to secrecy") (citing authority).

Thus, "placing new technology in the public domain" may decrease the "profit opportunity" and thus the incentive to "launch a new technology." *Id.* at 641 (citing authority). The *Festo* majority, however, did not consider the costs incurred, or risks taken, by innovators in new markets, particularly given the global economy. *See id.* at 640; *see also* Sheila F. Anthony, *Antitrust and Intellectual Property Law: From Adversaries to Partners*, 28 AIPLA Q.J. 1, 3 (Winter 2000) ("in today's global economy, companies must innovate if they hope to survive and thrive. . . . Innovating companies . . . all depend vitally on a legal framework that ensures a competitive market while protecting the rights of inventors and allowing innovators to profit from their ideas and inventions.").

In contrast, the imitator, protected by *Festo*, incurs none of these costs or risks, and yet, unjustifiably enjoys broad protection from liability, to the innovator's detriment. *Festo*, 234 F.3d at 640 (Newman, J., dissenting). In addition, the Complete Bar Rule prohibitively increases the costs to "individual inventors and start-up companies." *Id.* at 624 (Linn, J., dissenting). To compensate for the loss of equivalents through amendment, they likely will incur the "prohibitively high" costs and delays inherent in "exhaustive pre-filing searches" and in filing broad claims and appealing, rather than amending in response to, rejections. *Id.*

The end result will be to impede rather than to advance "technological progress." *Id.* In effect, under *Festo*, the U.S. is not providing the incentives for

technological innovation that it purports to encourage in its dealings with other countries under TRIPS and in discussions led by WIPO concerning substantive patent harmonization (*see* discussion, *infra*, at 16 and note 2), as a means to further global protection and support of innovation. Further, abandoning the doctrine devalues patents without sufficient notice to patentees, licensees or the public. *Cf. Warner-Jenkinson*, 520 U.S. at 32. *Festo* "affects myriad vested rights, on a novel legal theory, without briefing or argument." 234 F.3d at 642 (Newman, J., dissenting).

Moreover, without access to a range of equivalents, and given the risk of close imitation, inventors likely will seek trade secret protection, thus stifling the sharing of new technology on a global scale. *See Graver Tank*, 339 U.S. at 607 (explaining that permitting only claims for literal infringement "would foster concealment rather than disclosure of inventions, which is one of the primary purposes of the patent system"); *cf.* A-25 (Q. Todd Dickinson, then Assistant Secretary of Commerce and Commissioner of Patent & Trademarks, noting: "[t]he ingenuity and creativity of American inventors has established the U.S. as the technological leader among nations"). In addition, the U.S. marketplace will suffer from the *Festo* decision because inventors who choose to file for patent protection will have less incentive to file applications in the PTO, and thus will be less likely to introduce technological innovations into this market.

For these reasons, the Complete Bar Rule also will negatively impact the goal of global harmonization of patent laws, both with respect to prosecution and infringement procedures. At least one

commentator has noted that, although the doctrine of equivalents applies at the infringement stage rather than the prosecution stage, it "indirectly relates to the examination procedure. because the availability of the doctrine affects the literal scope of claims that the patent system should select for accomplishing patent policy." *See* Center for Advanced Study on Intellectual Property, The University of Washington School of Law, *Comments For Issues* 25 (2001), at http://www.uspto.gov/weboffices/dcom/olia/harmonization (hereinafter "*Comments for Issues*").[2]

The Complete Bar Rule "undermines the well-established practice under a first-to-file [priority] model" (*id.* at 26), followed by many European countries, which provides that "an invention must be new and nonobvious when it is filed with a patent office" and that "[a]ny disclosure of an invention forfeits the right to patent." *See id.* at 1-2 (citing European Patent Convention ("EPC") Art. 54). This model encourages a patent applicant to file as soon as his invention is completed, even if it is later necessary to fine tune claims or the invention itself during prosecution. *See id.* at 26. Further, given this model, many inventors file prior to consulting a patent attorney, increasing the likelihood of the necessity of

[2] These comments were provided in response to a notice published in March 2001 in the Federal Register by the Department of Commerce (Patent and Trademark Office), seeking commentary concerning the WIPO Draft Substantive Patent Law Treaty (the "SPLT"), which is U.S. supported and provides for an equivalents doctrine consistent with pre-*Festo* law. *See* discussion, *infra*, at 16.

later claim refinement. *Id.* Those countries which operate under a first-to-file model "presume the abandonment of these applications and imperfect claims in original applications . . . [and] guarantee applicants the right to amend claims without any disadvantage even if the original claims are imperfect." *Id.*

Additionally, "[t]his practice makes it possible to disclose inventions early . . . and helps small inventors and public research organization[s] by enabling them to file an application by themselves." *Id.* Given the first-to-file model, the Complete Bar Rule particularly penalizes foreign applicants who file in the U.S. after first filing outside the U.S., and (as is routine), amend their claims, because they likely will be barred from asserting a doctrine of equivalents theory in a U.S. lawsuit with respect to the narrowed claims. *Id.*

Moreover, "a mere clarification of language from a foreign translation may give rise to estoppel if the clarification results in a narrower literal scope with respect to the amended claims compared with that of original claims." *Id.* at 27 (citing *Festo*, 234 F.3d at 622 (Linn, J., dissenting)). Given the increasingly complex concepts and claim language of new technology and the difficulty of translating foreign descriptions of such complex technology, "foreign applicants are more vulnerable to the complete bar ... rule." *Comments for Issues, supra*, at 27. Such a scenario is inconsistent with the goal of encouraging inventors to make "'leapfrogging advances'" in their respective fields (*Festo*, 234 F.3d at 640 (Newman, J., dissenting)) and to disclose their inventions to the PTO rather than protecting them as trade secrets.

The rule also is inconsistent with the United States' encouragement of foreign nations that provide patent protection to U.S. citizens "to afford patent protection commensurate with that provided in the United States by the doctrine of equivalents." Brief for the United States as *Amicus Curiae*, 1996 WL 172221, at *1-2 (U.S. Apr. 11, 1996), filed in *Warner-Jenkinson*. Likewise, the rule will hamper the United States' goal to "enhance its ... international trade with the aid of intellectual property. Indeed, recent economic history illustrates the stagnation of the economy coinciding with periods of diminished industrial investment in technologic advance." *Hilton Davis Chem. Co. v. Warner-Jenkinson Co.*, 62 F.3d 1512, 1531 (Fed. Cir. 1995) (Newman, J., concurring), *rev'd on other grounds*, 520 U.S. 17 (1997).

For example, the devaluation of patent rights resulting from the Complete Bar Rule likely will deter foreign licensing activities here, particularly since certain of the member countries that subscribe to TRIPS adhere to an equivalents doctrine, including Japan, Germany, France, the United Kingdom, and Australia. *See* A-22-24, 27-28 (attaching French and Australian equivalents doctrines); David Bannerman & Chris Hamer, "*Different Approaches to the 'Doctrine of Equivalents' in Germany, UK, US and Japan*," AIPPI Journal 82, 82-94, 98 (Mar. 2000) (setting forth the doctrines of equivalents in the United Kingdom, Germany and Japan and concluding: "There seems to be an international tendency towards convergence of the law on doctrine of equivalents, at least as regards Europe and Japan.").

In addition, the Complete Bar Rule is counter to the EPC's goal of harmonizing patent laws. EPC Article 69 notes the need to consider, in interpreting

patent claims, the "'description and drawings'" and Article 69 is itself interpreted to provide "'fair protection for the patentee with a reasonable degree of certainty for third parties.'" *See* Bannerman, *supra*, at 83 (quoting EPC, Oct. 5, 1973, Protocol on the Interpretation of Article 69 of the Convention ("the Protocol")). A recent revision to the Protocol, which is not yet in force, requires consideration of an "equivalent to an element specified in the claims" in determining the "extent of protection conferred by a European patent." Act Revising the Convention on the Grant of European Patents, Nov. 29, 2000, Protocols, art. 2.

For all these reasons, the Complete Bar Rule will create an imbalance in patent values between the U.S. and major foreign countries and force foreign applicants to incur the cost and delay of preparing and filing different applications in their home country and the United States to avoid loss of equivalents here. Indeed, certain foreign inventors may be reluctant to file for patent protection here, reducing revenue to the PTO, which issued 44% of its patents in 1999 to foreign residents, 25% of which were issued to Japanese and German residents. A-25-26. This imbalance in the scope of patent protection under U.S. law as opposed to the laws of other countries may encourage domestic companies to shift their technological focus abroad. This imbalance also will impede the goal of uniform and effective global patent protection, which is essential if the United States is to remain a world leader in technological innovation. *See generally* Brief for the United States as *Amicus Curiae, supra*, at *1-2.

The rule also is inconsistent with the United States' significant efforts, as a WIPO and SCP

member, to harmonize national patent formalities on an international scale in order to provide easier access to worldwide patent protection and reduce costs to patent applicants. The draft SPLT, which is U.S. supported and provides for a doctrine of equivalents consistent with pre-*Festo* law, is a product of such international efforts. *See* Request for Comments On the International Effort to Harmonize the Substantive Requirements of Patent Laws, 66 Fed. Reg. 15409 (Mar. 19, 2001) (requesting comments on the SPLT); A-1-8, 10-14, 16-21 (attaching excerpts of, and commentary concerning, the SPLT).

C. *Festo* Should Be Reversed On The Ground That The Complete Bar Rule Is Unworkable

As discussed, *supra*, the Complete Bar Rule will have a direct and far-reaching impact on patentees, inventors, the PTO and the public, both in the United States and globally, because the majority of the approximately 1.2 million unexpired patents are subject to this rule. This section considers whether the policies that *Festo* sought to protect are, first, in fact protected by the Complete Bar Rule and second, whether they outweigh the policies of international harmonization of patent laws and encouraging innovation on a global scale.

The main policy reasons the *Festo* majority offers for the Complete Bar Rule are that (1) it will enhance the "notice function"; and (2) the flexible bar rule is "'unworkable.'" *Festo*, 234 F.3d at 575-78. Contrary to *Festo*, a flexible bar is consistent with the notice function. First, a competitor can discern the meaning and scope of amended claim language (including potential equivalents) by reviewing the prosecution

history. *Id.* at 626 (Linn, J., dissenting). Indeed, "the scope and meaning of claim limitations may be more easily discerned for amended limitations . . . based on the record developed during prosecution." *Id.* Second, competitors are protected by a reasonableness standard, *i.e.*, "whether persons reasonably skilled in the art would have known of the interchangeability of an ingredient not contained in the patent with one that was." *Graver Tank*, 339 U.S. at 608-09. Third, the *Warner-Jenkinson* Court's refinement of the doctrine ensures that third parties are not burdened with determining the meaning of omissions from the prosecution history. *See Warner-Jenkinson*, 517 U.S. at 33-34; Pet. Mem. at 5, 17.

Fourth, the restriction to a literal analysis does not enhance the notice function sufficiently to justify abolishing this equitable doctrine, because even a literal analysis can result in varying interpretations and require consideration of the prosecution history. *See Autogiro*, 384 F.2d at 396 ("The very nature of words would make a clear and unambiguous claim a rare occurrence."); *Hoechst Celanese Corp. v. BP Chems. Ltd.*, 78 F.3d 1575, 1578-81 (Fed. Cir. 1996) (dispute concerning the meaning of "stable" in a patent claim). Fifth, this Court, for over a century, and the Federal Circuit, for nearly two decades, have found the "notice function" adequately served despite the flexible bar. *Festo*, 234 F.3d at 598-616, 619 (Michel, J., dissenting).

Similarly, the *Festo* majority erroneously concluded that the doctrine is "unworkable" because courts may differ on the extent of the subject matter found relinquished through amendment. *Id.* at 575. As noted, however, a literal approach also is vulnerable to varied interpretations of claim language. Moreover,

courts applying the Complete Bar Rule have found it unworkable. As the court in *Creo Prods. Inc. v. Presstek, Inc.*, No. C.A. 99-525-GMS, 2001 WL 637397, at *7 (D. Del. May 11, 2001) noted, "[i]n the immediate aftermath of *Festo*, district courts (and litigants) are struggling to interpret its breadth and applicability," in part because "'[w]hile the *Festo* decision purports to eliminate uncertainty regarding the reach of prosecution history estoppel, it raises other uncertainties as to the application of the decision itself . . . . [including] the reach of the phrase ... substantially related to patentability.'" *Id.* at *9 n.21 (internal quotations omitted) (quoting Bruce J. Rose & John A. Wasleff, *Was Festo Really Necessary?*, 83 J. Pat. & Trademark Off. Soc'y 111, 127 (Feb. 2001)).

Two courts applying *Festo* have carved out exceptions to the Complete Bar Rule to avoid its potentially draconian results, reasoning that such exceptions served the notice function, the *Festo* court's main justification for the Rule. In *Creo Products*, 2001 WL 637397, at *1, *6, involving a patent for a direct press imaging system, the alleged infringer, seeking summary judgment of non-infringement, claimed that the patentee's amendment of the claim at issue barred all equivalents as a matter of law under *Festo*. *Id.* at *6-7. The court denied summary judgment, finding that the narrowing amendment at issue, while made to overcome the prior art, did not trigger the Complete Bar Rule. *Id.* at *10-12.

Specifically, the court held that the amendment explicitly concerned the "movement of the imaging head" (*id.* at *9), and only implicitly concerned the resulting swath created by the motion (the limitation at issue), even though the Examiner, in rejecting the

claim, addressed both the motion of the imaging head and the resulting image. *Id.* at *8-10. *Cf. id.* at *8 (noting that the patentee claimed that the Examiner was concerned more with the motion of the imaging head than the image resulting from the motion). The court declined to apply the Complete Bar Rule to the "implicit" portion of the amendment, reasoning that the public notice function – the underlying policy of the rule – would not be served by applying the rule to "implicit changes in a limitation." *Id.* at *9-10.

As the court explained, applying the Complete Bar Rule to such implicit changes:

> would result in giving accused infringers a virtually unlimited weapon with which to attack otherwise valid patents and avoid otherwise infringing activities. Until directed otherwise, the court declines to sanction such a result. The court believes doing so would violate the spirit, if not the letter, of the Federal Circuit's holding in *Festo*.

Id. at *10. Another district court, declining to find the Complete Bar Rule triggered by a claim amended for a patentability reason, likewise found that *Festo* did not address a particular factual scenario concerning claim amendments. *See Aclara Biosciences, Inc. v. Caliper Tech. Corp.*, 125 F. Supp. 2d 391, 398-401 (N.D. Cal. 2000) ("*Aclara*"). Specifically, the court explained, *Festo* did not address whether, if one portion of a clause in a claim is amended such that it triggers the Complete Bar Rule, then the other (unamended) portions of the clause also trigger the Rule. *Id.*

Finding that the Complete Bar Rule was not

triggered with respect to the other portions of the amended clause, the court reasoned, "[e]xtending the logic of *Festo* to an entire clause in a claim when only a portion of that claim has been amended . . . does not advance" the public notice function. *Id.* at 401. The court also found that the *Festo* court provided no "explicit direction" in the situation where it is unclear whether claim language at issue involves one, or a "series of limitations," each of which apparently would be subject to a separate *Festo* analysis. *Id.* The *Aclara* court further stated: "Adopting a rule that any amendment to any portion of a clause in a claim creates prosecution history estoppel as to the entire clause and not just the portion of the clause that was amended would do little to promote the purposes of the complete bar approach." *Id.* at 402. These decisions reveal the district courts' struggle to avoid the often harsh results of the Complete Bar Rule by carving out policy-based exceptions in factual scenarios which (these courts claim) were not addressed by the *Festo* majority. The result, however, creates uncertainty when courts make *ad hoc* determinations concerning the scope of, and exceptions to, the Complete Bar Rule.

For example, distinguishing between "explicit" and "implicit" claim amendments (as in *Creo Products*), when the *Festo* court made no such distinction, likely would require a subjective interpretation of the claim language at issue, as well as extrinsic evidence supporting that interpretation – both results which the *Festo* court apparently hoped to avoid in its bright line approach. *See Creo Prods.*, 2001 WL 637397, at *8 (discussing the patent holder's interpretation of the reason underlying the narrowing amendment). Likewise, as in *Aclara*, the decision of

whether a clause of a claim is comprised of separate segments, and whether only one segment was narrowed by the amendment, also detracts from the increased certainty desired and predicted by the *Festo* court, because the prosecution history may be unclear concerning the treatment of the clause at issue. *See Aclara*, 125 F. Supp. 2d at 401.

Indeed, relying on *Festo*, the Federal Circuit may have inadvertently extended the Complete Bar Rule to apply to claims which were neither narrowed by amendment nor introduced as narrower replacement claims, because the bright-line approach left no discretion to the court to examine the context of the claim language. *See Mycogen Plant Science, Inc. v. Monsanto Co.*, Civ No. 00-1127, 2001 WL 910389, at *1, *4-5 (Fed. Cir. Aug. 14, 2001). Thus, these cases reveal the uncertainty resulting from an attempt to impose a bright line approach on a fact-specific issue.

Accordingly, if courts are baffled by the reach of the Complete Bar Rule despite its seemingly "bright line" approach, foreign patentees likely will also have difficulty drafting and amending (or even simply translating) patent claim language in order to avoid triggering the Rule. In addition to the increased time and costs associated with drafting an application in light of the Complete Bar Rule, foreign applicants likely will be reluctant to file in the U.S. and risk devaluing their patent rights.

In contrast, as noted, a flexible bar rule is consistent with the patent practice of major foreign countries and will promote uniformity in patent practice on a global scale. It also is consistent with our legal system's fact-specific application of legal rules and doctrines. Indeed, there has been no call for

bright-line rules in trademark or copyright law, or tort and securities laws, or even other areas of patent law, despite the potential for varied outcomes in those areas because of fact-based inquires and reasonableness standards. *See, e.g. Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961) (listing eight factors relevant to a likelihood of confusion analysis in a trademark infringement case and noting that "the court may have to take still other variables into account"); *Georgia-Pacific Corp. v. United States Plywood Corp.*, 318 F. Supp. 1116, 1120-21 (S.D.N.Y. 1970) (listing fifteen factors relevant to evaluating the amount of damages to be awarded to a prevailing patent holder in an infringement action, explaining, "there is no formula by which these factors can be rated precisely in the order of their relative importance;" rather, the court must "exercise a discriminating judgment reflecting its ultimate appraisal of all pertinent factors in the context of the credible evidence"), *modified on other grounds*, 446 F.2d 295 (2d Cir. 1971); *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826-28 (Fed. Cir. 1992) (listing nine factors relevant to determining whether to award, and, if awarded, the extent of, enhanced damages pursuant to the Patent Act, 35 U.S.C. § 284); *cf. Warner-Jenkinson,* 520 U.S. at 37 ("Much as the perspective of the hypothetical 'reasonable person' gives content to concepts such as 'negligent' behavior, the perspective of a skilled practitioner provides content to, and limits on, the concept of 'equivalence.'"). Thus, that businesses may need to structure their conduct and assess risks in light of a flexible bar is consistent with what the law imposes in other substantive legal areas that involve fact-based inquiries.

As the court in *Control Resources, Inc. v. Delta Elecs., Inc.*, 133 F. Supp. 2d 121 (D. Mass. 2001) stated, explaining that the Complete Bar Rule is inconsistent with the district court's fact-finding role:

> "litigation" and "case by case analysis" is the very *raison d'etre* of the district courts. Courts of statutory jurisdiction, which embody America's rich common law tradition, daily bring to expressive life for juries of common sense America's broadest philosophic legal concepts -- concepts such as "reasonable doubt," "proximate cause," "scienter," and "negligence."

Id. at 124. In *Control Resources*, the court held that the Complete Bar Rule was automatically triggered where the claim language at issue had been narrowed to overcome the prior art. *Id.* at 136. The court noted, however, that "[s]uch a cursory examination of the prosecution history . . . seems ill-suited to undergird such a dramatic result. Prior to *Festo*, the work of counsel and the court would have just begun. *Id.* The court noted, in *dicta*, that a pre-*Festo* review of the prosecution history would "compel[] the conclusion" that plaintiff through its claim amendment did not abandon the entire range of equivalents. *Id.* at 136-37.

Indeed, the distinction made by the *Festo* majority between amended and original claims is arbitrary and illogical: "The majority does not explain why a new bright line rule is compelled to strictly construe the inventor's choice of words in amendments but is not similarly compelled for original claim limitations." *Festo*, 234 F.3d at 626 (Linn, J., dissenting). Thus, the complete bar should be viewed as an abuse of patent

procedure proscribed by TRIPS. *See* TRIPS, art. 41, ¶ 1. Finally, it is well settled that a failure to support innovation with strong patent protection will negate the benefits from, and results of, scientific research, and is inconsistent with the Constitution's mandate to protect inventors from copyists (*see Festo,* 234 F.3d at 621; 640-41 (Linn, J.; Newman, J., dissenting)), and the international goal, supported by the U.S., of uniform global protection and enforcement of patents.

The Complete Bar Rule also unjustly frustrates the expectations of inventors and patentees worldwide, and the PTO, all of which rely on the availability of some range of equivalents even when claims are narrowed in response to rejections. *Id.* at 618 (Michel, J., dissenting); *Warner-Jenkinson*, 520 U.S. at 32 n.6. In light of *Festo*, however, even where the PTO requests only "minor or clarifying amendments," applicants likely will appeal an Examiner's rejection to the PTO Board of Patent Appeals (which already is overwhelmed with appeals) rather than lose equivalents through amendment. *Festo,* 234 F.3d. at 618, 624 (Michel, J., Linn, J., dissenting). Thus, *Festo* will seriously disrupt the patent system. *Id.* at 618-19 (Michel, J., dissenting).

Further, the Complete Bar Rule lengthens the prosecution process because inventors will be forced to add claims, numerous equivalent terms, and any insubstantial variation of the claimed invention, to account for the loss of equivalents. *Id.* at 624 (Linn, J., dissenting); *cf.* TRIPS, art. 41, ¶¶1-2; art. 62, ¶¶1-2. The attorney's drafting skills will be prioritized over the attributes of the invention (with significant added prosecution costs). *Festo*, 234 F.3d at 624 (Linn, J., dissenting). These likely scenarios frustrate the goals of the Patent Act, which prioritizes the

essence of the invention over its linguistic description. *See Graver Tank*, 339 U.S. at 607; A-1-8, 10-14, 16-21 (attaching excerpts of, and commentary concerning, the SPLT).

In contrast, the *Festo* majority did not consider the *Warner-Jenkinson* Court's careful balancing of controls (*see Warner-Jenkinson*, 520 U.S. at 33-34, 40-41), the equitable nature of the doctrine, or the impact of the rule given the United States' efforts to harmonize substantive patent laws and its role as a world leader in encouraging technological innovation, as discussed, *supra*.

D. *Festo* Should Be Reversed On The Grounds That The Complete Bar Rule Is Contrary To This Court's Precedent And An Unprincipled Departure From Federal Circuit Law

This section addresses the *Festo* majority's departure from, and conflict with, settled precedent, against the backdrop of the international effort to globalize patent laws, as well as the U.S government's responsibilities under TRIPS. Prior to *Festo*: (1) this Court expressly declined to adopt a Complete Bar Rule; (2) courts applied the doctrine on a case by case basis and with a flexible range of equivalents; and (3) courts were required to determine, with respect to narrowed claims, "what was surrendered and why, measured by the representations made by the applicant in order to obtain the patent." *Festo*, 234 F.3d at 631-32 (Newman, J., dissenting).

The *Warner-Jenkinson* Court "endorsed" the approach of over 150 years of Supreme Court precedent which recognized a flexible bar and preserved the balancing of controls. *Id.* at 608-09

(Michel, J., dissenting); *Warner-Jenkinson*, 520 U.S. at 30-32; *see also* Pet. Mem. at 19-20, 22-23. Thus, contrary to *Festo*, the potential for a complete bar rule was addressed and rejected by the *Warner-Jenkinson* Court. Pet. Mem. at 5-6, 14-15. In rejecting such a rule, the Court also considered the PTO's reliance on a flexible bar in requesting amendments: "[t]o change so substantially the rules of the game now could very well subvert the various balances the PTO sought to strike when issuing the numerous patents which have not yet expired." *Warner-Jenkinson*, 520 U.S. at 32 n. 6. Further, the Complete Bar Rule is a dramatic shift from established Federal Circuit precedent from 1983-2000. *See Festo*, 234 F.3d at 609-15 (Michel, J., dissenting). Moreover, the *Festo* majority did not explain the error in any of the prior decisions applying a flexible bar. *Id.* at 612, 619.

The Complete Bar Rule is inconsistent with settled precedent on additional grounds. First, the *Festo* majority's broad definition of "patentability" further restricts access to equivalents, "exacerbat[ing] the conflict with . . . *Warner-Jenkinson*." *Id.* at 630 (Newman, J., dissenting). Second, the rule unjustly abandons the equitable foundation of the doctrine. *Id.* at 617 (Michel, J., dissenting) (citing *Hecht Co. v. Bowles*, 321 U.S. 321, 329-30 (1944), emphasizing: "[f]lexibility rather than rigidity has distinguished [equity jurisdiction]"). "Without this flexibility, courts are precluded from protecting patentees from copyists." *Id.; cf.* TRIPS, art. 41, ¶¶ 1-2 (requiring "fair and equitable" and "effective" patent "enforcement procedures"). In sum, the *Festo* majority's decision is unprincipled law which attacks the global value of a patent from all angles. *See Graver Tank*, 339 U.S. at 607 (warning that a

literalistic approach "convert[s] the protection of the patent grant into a hollow and useless thing . . . . [and] encourage[s] . . . the unscrupulous copyist to make unimportant and insubstantial changes and substitutions in the patent which, though adding nothing, would be enough to take the copied matter . . . outside the reach of law").

For all these reasons, the *Festo* majority exceeded its authority in this case. Perhaps it is for Congress to determine this issue. As this Court stated: "Congress can legislate the doctrine of equivalents out of existence any time it chooses . . . . The various policy arguments made by both sides are thus best addressed to Congress, not this Court." *Warner-Jenkinson*, 520 U.S. at 28. Indeed, Congress implicitly supported the doctrine by passing the Patent Act in 1952, after *Graver Tank* was decided, without attempting to legislate around the doctrine. *See id.* at 25-27.

Finally, the *Festo* majority's implied warning that the flexible bar approach will "undermine the claiming system and destroy the public's ability to rely on the patent claiming system to mark the boundaries granted to the patentee" is one that has been voiced since 1853 in dissenting opinions in cases upholding the flexible bar. *Festo*, 234 F.3d at 627-28 (Linn, J., dissenting). However, the concerns underlying these dire predictions are misplaced, and, significantly, have not come to pass. *Id.* If this Court does not reverse *Festo*, leaving the Complete Bar Rule as the law will, *inter alia* (1) render the United States non-compliant with its international commitments under TRIPS; (2) disrupt the continued pursuit of substantive harmonization of patent laws; (3) negatively impact ongoing efforts to reduce the costs of obtaining patent protection here and abroad; and (4) directly harm the

role of the U.S. as a world leader in technological innovation.

CONCLUSION

For all of the foregoing reasons, the decision of the Federal Circuit in *Festo* should be reversed.

Respectfully submitted,

Maxim H. Waldbaum
Counsel of Record
Lori D. Greendorfer
Salans Hertzfeld Heilbronn
Christy & Viener
620 Fifth Avenue
New York, New York
10020

R. Danny Huntington
Raymond C. Stewart
John P. Sutton
Tipton D. Jennings IV
Fédération Internationale
Des Conseils En
Propriété
Industrielle

August 30, 2001

APPENDIX

TABLE OF CONTENTS

World Intellectual Property Organization, Geneva, Standing Committee On the Law of Patents, Fourth Session, Geneva, November 6 to 10, 2000, Suggestions for the Further Development of International Patent Law A-1

WIPO World Intellectual Property Organization, Geneva, Standing Committee On the Law of Patents, Fifth Session, Geneva, May 14 to 19, 2001, Draft Substantive Patent Law Treaty A-12

WIPO World Intellectual Property Organization, Geneva, Standing Committee On the Law of Patents, Fifth Session, Geneva, May 14 to 19, 2001, Draft Regulations And Practice Guidelines Under The Draft Substantive Patent Law Treaty A-18

Doctrine of Equivalents in France (Cabinet Beau de Lomenie, Conseils En Propriété Industrielle).....A-22

1999 Patent Statistics Announced (Press Release #00-16, Mar. 2, 2000).....A-25

Doctrine of Mechanical Equivalents (IP Australia, APO Manual of Practice & Procedure).....A-27

WORLD INTELLECTUAL PROPERTY ORGANIZATION

GENEVA

STANDING COMMITTEE ON THE LAW OF PATENTS

Fourth Session

Geneva, November 6 to 10, 2000

SUGGESTIONS FOR THE FURTHER DEVELOPMENT OF INTERNATIONAL PATENT LAW

Document prepared by the International Bureau

I. Introduction

1. The Program and Budget for 2000-2001 includes, under Sub-Program 09.1, "Law of Patents," the following activities, *inter alia* (see document A/34/2-WP/PBC/2, page 80, emphasis added):

> "Convening of four meetings* of the SCP (and any Working Group set up by this Committee), to consider issues relating to the law of patents, including:
>
> - the finalization of the draft Patent Law Treaty and draft Regulations, using wherever possible solutions adopted for PCT procedures: convening of a Diplomatic Conference for the conclusion of the Patent Law Treaty, and *consideration of the desirability and feasibility of further harmonizing patent law*;
>
> ..."

2. During the 1998-1999 biennium, the Standing Committee on the Law of Patents (SCP) devoted its time to the negotiation and finalization of the Patent Law Treaty (PLT), which was adopted at the Diplomatic Conference for the Adoption of the PLT, held in Geneva from May 11 to June 2, 2000.

3. Concerning the future work of the SCP, during its earlier sessions as well as at the PLT Diplomatic Conference, a considerable number of delegations and

---

* One of these four sessions has been replaced by the Diplomatic Conference for the Adoption of the Patent Law Treaty.

representatives have expressed their wish to consider issues related to further harmonization of substantive requirements of patent law after the conclusion of the PLT.

4. The present document contains suggestions for issues related to further harmonization of patent laws for consideration by the SCP at its fourth session (the first time the SCP will meet during the 2000-2001 biennium), and at its future sessions.

II. Issues related to further harmonization for consideration by the SCP

5. A number of delegations and representatives had expressed the position, at the first session, first part, of the SCP (June 15 to 19, 1998), that discussions concerning further harmonization, in particular harmonization of substantive issues of patent law, should be resumed as soon as possible after the conclusion of the Diplomatic Conference (see document SCP/1/7, paragraphs 24, 25, 27, 33, 34, 35, 37, 40, 44, 55, 56, 57, 58 and 73). In this context, it may be noted that, at its third meeting held on May 4 and 5, 2000, the Industry Advisory Commission of WIPO adopted a Resolution calling for "work, in the medium term, on a treaty on the harmonization of substantive patent law, with a view to facilitating greater mutual recognition of search and examination results by patent Offices." In addition, the Policy Advisory Commission of WIPO made several recommendations at its meeting of June 15, 2000, among which one reads as follows: "that efforts should be made towards further substantive harmonization in the field of industrial property law, in particular, patent law."

6. It should be noted that the Patent Cooperation Treaty (PCT), which has established a system for the filing of international patent applications having the same effect as national applications filed in each of the PCT Contracting States designated in the international application, contains a number of principles of substantive patent law applicable to the international phase provided under the PCT. However, it may also be noted that PCT Article 27(5) allows a Contracting State to apply any substantive conditions of patentability as it desires during the national phase.

7. In response to international calls for harmonization of national and regional patent laws, negotiations had started, as early as 1985, on a draft Treaty Supplementing the Paris Convention as far as Patents are Concerned (hereafter referred to as "draft Patent Harmonization Treaty 1991"), which was discussed at the first part of a Diplomatic Conference in 1991, but never concluded. The draft Patent Harmonization Treaty of 1991 included substantive as well as formal aspects of patent law. Some of its provisions, for instance those on patentable subject matter, rights conferred, term of protection and reversal of burden of proof for process patents, were incorporated into the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), concluded in 1994. Nevertheless, a number of issues in respect of national and regional patent law have neither been addressed by the TRIPS Agreement, nor by any other worldwide international treaty on patent law, in particular not by the recently adopted PLT, which covers only patent formalities. For the sake of completeness, it should be added that important steps in respect of such harmonization have

been achieved in the framework of certain regional systems, such as the European Patent Organisation (EPO), the Eurasian Patent Organization (EAPO), the African Regional Industrial Property Organization (ARIPO) and the Organisation africaine de la propriété intellectuelle (OAPI), as well as through the harmonization of national laws within certain regional systems, as for instance the Andean Pact.

8. The need for further patent harmonization beyond the PLT arises mainly from the fact that the costs of obtaining broad patent protection on an international level have become extremely high. The objective of further harmonization should therefore be to lower costs. This goal can, however, only be envisaged if a number of basic legal principles underlying the grant of patents are harmonized.

9. In view of the present situation and the objective mentioned above, the International Bureau suggests that at least the following basic issues underlying the grant of patents, which are of particular importance to the further development of the international patent system, could be included in the discussions of the SCP: the definitions of prior art, novelty, inventive step (non-obviousness) and industrial applicability (utility); sufficiency of disclosure; and the structure and interpretation of claims.

10. In order to facilitate discussions of the SCP concerning the desirability and feasibility of further harmonizing patent law, each of the six mentioned issues are described below by (1) explaining the basic issue, (2) giving examples of the present status of laws and practices between different systems showing the existence of, or need for further, harmonization, and (3) indicating the relevant provisions under the first

draft Patent Harmonization Treaty of 1991 and the solution proposed therein. The Basic Proposal for the draft Patent Harmonization Treaty of 1991 and the Regulations are presented, for information purposes, in document SCP/4/3. The Notes for the Basic Proposal for the draft Patent Harmonization Treaty of 1991 and the Regulations are contained in document SCP/4/4.

A. Prior art

The basic issue

11. Prior art is generally understood to constitute the body of knowledge which was available to the public before the filing date or, if priority is claimed, before the priority date, of a patent application. Identifying the relevant prior art is one of the cornerstones of patent examination, since such prior art will be evaluated during examination to determine the patentability of the invention concerned. It is by comparing the invention for which protection is sought with the prior art that novelty and inventive step (non-obviousness) of the invention are established. Furthermore, prior art will, after the grant of a patent, be determining in order to evaluate the validity or invalidity of the patent.

12. Some of the issues to be considered in the context of prior art include, in particular, notions such as "availability to the public," "person skilled in the art," and "means of making available to the public." Further items to be considered are, in particular, issues such as non-prejudicial disclosures, the grace period, or the question of applications filed earlier than, but published after, the date of filing of the application concerned.

Draft Patent Harmonization Treaty 1991

32. The Basic Proposal for the draft Patent Harmonization Treaty of 1991 contained, in Article 25 "Obligations of the Right Holder," two alternatives. Alternative A proposed to include no provision on this subject at all, while alternative B contained the following provision relating to the disclosure of an invention in Article 25(1):

> "(1) The owner of a patent shall have at least the following obligations in addition to any other provided for in this Treaty:
>
> (i) to disclose the invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art; the description shall set forth at least one mode for carrying out the invention claimed; this shall be done in terms of examples, where appropriate, and with reference to the drawings, if any; however, any Contracting Party may provide that the description set forth the best mode for carrying out the invention known to the inventor at the filing date or, where priority is claimed, priority date of the application; ..."

F. Drafting and interpretation of claims

The basic issue

33. The claims define the invention, and thus the scope of protection of the patent. They are therefore the heart of the patent. This is true in particular after the grant of the patent, since others may not commercially use what is covered by the claims, but may use any other information contained in the specification. It is therefore particularly important

that claims contain all the important features of the claimed invention. The claims form the basis for the examination as to the patentability of the invention. In addition, they may be affected by partial renunciation or invalidity of the patent, and they are relevant for the question of unity of invention. They also play a role when defining the contents of two inventions in the case of dependency or priority contests under the first to invent system, and when assessing the identity of inventions in the framework of the prohibition of double patenting.

34. When talking about claims, there are two different aspects to take into consideration: firstly, the drafting of the claims, and secondly the interpretation of the claims.

Status of harmonization

35. Article 6 of the PCT states the following:

"The Claims

The claim or claims shall define the matter for which protection is sought. Claims shall be clear and concise. They shall be fully supported by the description."

36. In addition, PCT Rule 6 contains, in particular, indications on the manner of claiming, on the numbering of claims, as well as further details. In the context of claims, it may be mentioned that PCT Rule 13 deals with the issue of unity of invention.

37. Nevertheless, both the drafting and the interpretation of claims diverge significantly in different legal systems, which may lead to different scopes of protection for the same invention, and to different results in the case of

invalidity determinations. Some of these differences are described below.

Drafting of claims

(a) Certain systems require that only the *technical* features of the invention be contained in the claims, but not other features, such as economical or other elements. This is not the case for all patent systems. It has to be noted, however, that not all systems require an invention to have a technical character.

(b) While certain patent systems require a two-part form of the claims (the first part containing the designation of the subject matter belonging to the prior art, the second part being the characterizing part indicating the new technical features for which protection is claimed), other systems do not require this kind of structure, so that the prior art basis does not always appear in the claims.

(c) Certain patent laws allow for a plurality of closely related independent claims reflecting a single inventive concept to be contained in the same application ("unity of invention"), while according to other laws, the respective provisions are applied in a very narrow manner.

(d) While certain legal systems allow for different categories of claims, such as for instance product, process or apparatus claim, to be included in the same application, other patent systems have restrictions in this respect.

(e) Certain patent systems provide for restrictions on the dependency of sub-claims, which lead to a high number of dependent claims and, in certain offices, to

high costs due to additional fees to be paid for each claim in excess of a certain number.

(f) Certain systems allow the lack of support of the claims by the description to be a ground for rejection or invalidation of the patent.

Interpretation of claims

(a) In most patent systems, the literal text of the claims forms the basis for the determination of the scope of protection of the patent. However, while certain systems do not allow an interpretation of the claims to go much beyond their wording, others have developed a broad way of interpreting the claims.

(b) In certain systems the claims have to be interpreted in an objective manner, while in others, what the inventor subjectively had intended to say is taken into consideration.

(c) In certain patent systems, only the description and the drawings may be used in order to interpret the claims. In other systems, further - or additional - means of interpreting the claims may be allowed.

(d) While certain legal systems provide that equivalents are covered by the claims, other legal systems do not provide for equivalents. In many systems, the doctrine of equivalents has been developed by case law, and is not to be found in statutory law. Systems vary widely as to the scope of equivalents applied.

(e) The possibilities to amend the claims during examination, as well as after the grant of the patent, vary considerably in different systems.

Draft Patent Harmonization Treaty 1991

38. The Basic Proposal for the draft Patent Harmonization Treaty of 1991 contained the following detailed provisions related directly or indirectly to claims: Articles 4 ("Claims"), 5 ("Unity of Invention") and 21 ("Extent of Protection and Interpretation of Claims"), and Rules 3 ("Manner of Claiming") and 4 ("Details Concerning the Requirement of Unity of Invention").

IV. Conclusion

39. In view of the above, the SCP is invited to note and consider the suggested issues related to the further development of international patent law. The SCP is invited, in particular, to express its guidance to the International Bureau as to whether and to what extent the mentioned issues should be included in the future work of the SCP.

WIPO

WORLD INTELLECTUAL PROPERTY ORGANIZATION

GENEVA

STANDING COMMITTEE ON THE LAW OF PATENTS

Fifth Session

Geneva, May 14 to 19, 2001

DRAFT SUBSTANTIVE PATENT LAW TREATY

prepared by the International Bureau

INTRODUCTION

1. At its fourth session, held from November 6 to 10, 2000, the Standing Committee on the Law of Patents (SCP) agreed that the International Bureau should submit draft provisions for a future legal instrument on the substantive harmonization of patent law. The present document contains a first draft of a Treaty, presently called the "Substantive Patent Law Treaty (SPLT)." It takes into account the views expressed at the fourth session of the SCP.

2. The SCP further expressed the wish that the International Bureau should submit two distinct versions of draft provisions on the SPLT: one version should be based on existing texts, such as the "Draft Treaty Supplementing the Paris Convention as Far as Patents Are Concerned" ("1991 Draft"; see documents PLT/DC/3 and 69) or the Patent Cooperation Treaty (PCT), while the second version should use new and plain language. In the course of drafting the present document, it became apparent that it may be more appropriate to establish a single text containing two alternatives. Thus, the document contains, where appropriate, an Alternative A, which is based upon, but is not necessarily identical to, existing texts as explained above, and an Alternative B, which uses more contemporary language. Where the text of Alternative A is not identical to earlier existing texts, such as, for example, the 1991 Draft, this is to take into account the international developments that occurred since the establishment of these texts, and to reflect the wish of the SCP to achieve full harmonization, without permitting territorial

differences between countries. As agreed by the SCP at its fourth session, the draft provisions are limited to certain determined issues, in particular those contained in paragraph (9) of document SCP/4/2.

3. It should be noted that certain of the suggested provisions (for example draft Article 9) reflect a first-to-file system, since their origin is to be found in existing texts. This approach does, however, not prejudice the future drafting of the relevant provisions in any way, but was chosen merely to reflect certain provisions of existing texts, such as the 1991 Draft.

4. Draft Regulations and Draft Practice Guidelines under the SPLT are contained in document SCP/5/3. These provisions are presented without an alternative and are based on existing texts only, since their future wording will depend on the choice of the SCP with respect to the drafting style of the Articles.

PART I: GENERAL PROVISIONS

Article 1

Abbreviated Expressions

For the purposes of this Treaty, unless expressly stated otherwise:

(i) except where the context indicates otherwise, words in the singular include the plural, and *vice versa*, and masculine personal pronouns include the feminine.

Article 1bis

Applications [and Patents] to Which the Treaty Applies

(1) [*Principle*] Subject to paragraph (2), the provisions of this Treaty and the Regulations shall apply to[:

(i)] applications for patents for invention and for patents of addition, which are filed with or for the Office of a Contracting Party[;

(ii) patents for invention, and to national and regional patents of addition, which have been granted with effect for a Contracting Party].

(2) [Reserved]

Article 13

Scope of Claims

[Alternative A]

[No provision.]

[End of Alternative A]

[Alternative B]

The scope of the claim shall not exceed the scope of the disclosure of the application. However, the claim shall not be limited to what is expressly disclosed in the application.

[End of Alternative B]

Article 14

[Alternative A]

Scope of Protection

(1) [*Scope*] The scope of protection conferred shall be determined by the claims, which are to be interpreted in the light of the description and drawings, as prescribed in the Regulations.

[(2) [*Equivalents*] For the purpose of determining the scope of protection conferred by the application, due account shall be taken of elements which are equivalent to the elements expressed in the claims, as prescribed in the Regulations.]

[End of Alternative A]

[Alternative B]

Interpretation of Claims

For the purposes of examination, and of determining rights under a published application, each claim shall be interpreted in light of the [description, drawings] [disclosure] and the prior art, as prescribed in the Regulations.

[End of Alternative B]

WORLD INTELLECTUAL PROPERTY ORGANIZATION

GENEVA

STANDING COMMITTEE ON THE LAW OF PATENTS

Fifth Session

Geneva, May 14 to 19, 2001

DRAFT REGULATIONS AND PRACTICE GUIDELINES UNDER THE DRAFT SUBSTANTIVE PATENT LAW TREATY

prepared by the International Bureau

INTRODUCTION

The present document contains draft Regulations and draft Practice Guidelines under the draft Substantive Patent Law Treaty (SPLT), which is contained in document SCP/5/2.

Unlike in the draft SPLT, the draft Regulations and draft Practice Guidelines contained in the present document are based on existing texts only. No alternatives are suggested at this stage, since their future wording will depend on the choice of the SCP with respect to the drafting style of the draft SPLT (see also the explanations given in the introduction part of document SCP/5/2).

Rule *11*
Interpretation of Claims Under Article 14

(1) [*Principle*] For the purposes of Article 14(1), the claims shall be so interpreted as to combine fair protection for the applicant with a reasonable degree of certainty for third parties. Consequently, the claims shall not be interpreted as being necessarily confined to their strict literal wording. Neither shall the claims be considered as mere guidelines allowing that the protection conferred by the application extends to what, from a consideration of the description and drawings by a person skilled in the art, the applicant has contemplated, but has not claimed.

[(2) [*Equivalents*] For the purposes of Article 14(2), an element shall generally be considered as being equivalent to an element as expressed in a claim if, at the time of any alleged infringement, it performs substantially the same function in substantially the same way and produces substantially the same result as the element as expressed in the claim, and it is obvious to a person skilled in the art that the same result as that achieved by means of the element as expressed in the claim can be achieved by means of the equivalent element.

(3) [*Prior Statements*] In determining the scope of protection, due account shall be taken of any statement limiting the scope of the claims made by the applicant during procedures concerning the grant or the validity of the patent.]

[Rule 11, continued]

(4) [*Examples*] If the application contains examples of the embodiment of the invention or examples of the functions or results of the invention, the claims shall not be interpreted as limited to those examples; in particular, the mere fact that a product or process includes additional features not found in the examples disclosed in the patent, lacks features

found in such examples or does not achieve every objective or possess every advantage cited or inherent in such examples shall not remove the product or process from the scope of protection conferred by the claims.

(5) [*Abstract*] The abstract shall not be taken into account for the purpose of determining the protection conferred by the claims.

Cabinet Beau de Loménie

CONSEILS EN PROPRIÉTÉ INDUSTRIELLE

Doctrine of equivalents in France

(1) DEFINITION

A product or a method is considered as a technical equivalent to a patented product or to a patented method if, being similarly applied, it reproduces the function of the claimed means with a view to obtain the same result or a result of similar nature, while having a different form or structure.

(2) APPLICATION OF THE DOCTRINE OF EQUIVALENTS TO ASSESSMENT OF INFRINGEMENT

(a) It is assumed that a patent claim covers particular means characterised by its form, by its application and by its function within the frame of that application.

It is also assumed that an alleged infringing object, being similarly applied, provides the same function, leading to a similar result, but has a different structure or form.

The Judge will first determine whether the function of the claimed means is new.

If the function is not new, i.e. if the prior art shows that means were already known which carried out the same function to provide a similar result, then there can be no infringement, because the claims cover only the particular form or structure and the scope of the claim cannot be extended to cover the function.

If the function is new, then there is infringement.

The above has been constantly assessed by French Courts. For instance, in Bennes Saphen v/s Guina et al. (Paris Appeal Court, December 1st, 1988) :

"...an invention being characterised by its form, by the application thereof and by its function, when the function is not new and when, by way of consequence, the patent cannot protect it, means having a different implementation form and carrying out the same function as the claims means cannot constitute an infringement by equivalence, the result not having to be taken into consideration".

The above decision has been confirmed by the Supreme Court (Cour de Cassation) on December 4, 1990:

"It is rightfully that a decision has dismissed an allegation of infringement by equivalence, having stated that the combination of means of the invention carries out a known function, and that the patent could only cover that combination in its particular form, and having checked that the alleged infringing device, although having the same function, had a structure different from the one claimed by the patent".

Thus to be held infringing, it is not sufficient that a device or a process be equivalent to a claimed device, or process (i.e. has the same function when applied in a similar way to achieve a similar result) ; it is also necessary that the function of the claimed device or process be in itself novel.

(b) It is assumed that a patent claim covers a particular combination of features which is new and inventive.

It is also assumed that an alleged infringing object reproduces the same combination of features except one (or several) being different in its (or their) form.

If it can be shown that the concerned feature of the alleged infringing object, although having a different form, is equivalent to a corresponding feature of the claimed invention, then infringement will be stated.

It is not then required to show that the function of that particular feature is new in itself. It is only necessary that this particular feature carries out the same function as a corresponding feature of the claimed combination, and co-operates with the other features in a similar way.

© Cabinet Beau De Loménie, 1999

PTO COMMISSIONER TO HOST ONLINE DIALOG
http://www.uspto.gov/web/offices/com/speeches/00-16.htm

PRESS RELEASE #00-16 CONTACT: Brigid Quinn
March 2, 2000 Kim Byars
703-305-8341

1999 PATENT STATISTICS ANNOUNCED

In calendar year 1999, the U.S. Patent and Trademark Office (PTO) granted record 169,154 patents, including 153,493 utility (inventions), 14,732 design, and 421 plant patents. In calendar year 1998, PTO issued 163,208 patents.

U.S. resident inventors received 55.6% of all U.S. patents in 1999. California resident inventors claimed a 20.0 percent share (18,865 patents) of these patents, followed by inventors from New York (7.3 percent, 6,900 patents), Texas (6.8 percent, 6,424 patents), New Jersey (4.6 percent, 4,372 patents), and Illinois (4.6 percent, 4,308 patents). Inventors in Puerto Rico, Idaho, South Dakota, Kentucky, Arkansas, Kansas, and Wyoming had the largest percentage increases in patents from 1998 to 1999.

"The ingenuity and creativity of American inventors has established the U.S. as the technological leader among nations, fueling this country's longest economic expansion," noted Q. Todd Dickinson, Assistant Secretary of Commerce and Commissioner of Patents and Trademarks.

Forty four percent of U.S. patents were issued to residents of foreign nations. The ten foreign countries that received the most U.S. patents during calendar year 1999 are displayed below. For more statistics, please visit

http://www.uspto.gov/web/offices/com/speeches/pattr99.pdf

1999 1999 Share of (1998) (1998 to 1999)

Rank	# Patents	All Patents	Country*	(Rank in 1998)	(# Patents)	(Change in # Patents)
1	32,515	19.2%	Japan	(1)	(32,119)	(+1.2%)
2	9,896	5.9%	Germany	(2)	(9,582)	(+3.3%)
3	4,526	2.7%	Taiwan	(4)	(3,805)	(+18.9%)
4	4,097	2.4%	France	(3)	(3,991)	(+2.7%)
5	3,900	2.3%	United Kingdom	(5)	(3,726)	(+4.7%)
6	3,679	2.2%	South Korea	(7)	(3,362)	(+9.4%)
7	3,678	2.2%	Canada	(6)	(3,537)	(+4.0%)
8	1,686	1.0%	Italy	(8)	(1,820)	(-7.4%)
9	1,542	0.9%	Sweden	(11)	(1,346)	(+14.6%)
10	1,396	0.8%	Netherlands	(9)	(1,382)	(+1.0%)

*Please note that the country of origin is determined by the residence of the first-named inventor.

APO Manual Of Practice And Procedure

IP Australia

PATENTS-TRADEMARKS-DESIGNS

3.10 DOCTRINE OF MECHANICAL EQUIVALENTS

3.10.1 The task of the court in considering anticipation was explained in *General Tire & Rubber Co v The Firestone Tyre & Rubber Co Ltd*, (1972) RPC 457 at page 485, as follows:

> "To determine whether a patentee's claim has been anticipated by an earlier publication it is necessary to compare the earlier publication with the patentee's claim ... The construction of these documents is a function of the court, being a matter of law, but, since documents of this nature are almost certain to contain technical material, the court must, by evidence, be put into the position of a person of a kind to whom the document is addressed ...."

3.10.2 In the course of dealing with an objection to grant for want of novelty, the courts have had regard to the **doctrine of mechanical equivalents**. That is, whether, on the evidence before the court, the difference between the claimed invention and the alleged anticipation represented no more than the substitution of an inessential feature with an obvious **equivalent**.

See e.g. *R D Werner & Co Inc v Bailey Aluminium Products Pty Ltd*, (1989) 13 IPR 513.

(It may be noted that the courts appear to have taken the view that if a feature of the claim has a mechanical (i.e. functional) **equivalent** in the alleged anticipation, then *ipso facto* the feature must be inessential. Furthermore, the existence of mechanical **equivalents** has been

determined from evidentiary material (which generally would not be available to examiners), and not as a matter of construction.)

3.10.3 In any event, the real issue to decide when using the reverse infringement test to judge lack of novelty is whether a prior disclosure contains a clear description of, or clear instructions to make, something that possesses all the essential features of the claim. For this reason, examiners should not concern themselves whether an inessential feature of the claim replaces a feature of the prior art disclosure with a mechanical equivalent.